

Fauquier County Economic Indicators



June 30, 2017
Office of Management and Budget

I. Executive Summary

Fiscal health can be measured by a myriad of factors which provide insight to current and historical economic conditions, future projections, budget preparation, and determining needs or priorities of the community.

The data provided in this document is a means of presenting fiscal health characteristics in terms of current and historical trends. The data provides a quick snapshot of the market today to indicate where the market is moving, and/or utilizes historical trends to display the market trends over multiple fiscal or calendar years. Current trends provide context for the historical trends of the economic environment, its prolonged expansion or contraction of the market, and signs of change.



The information that follows was derived from various sources including federal, state, and local government and the private sector. The information collected is based on 6 key categories for both current and historical trends: businesses, community development fees and permit issuances, employment, residential sales and foreclosures, local revenues, and taxable sales.




Section II of the document provides a table of key observations for both current and historical economic indicators. For current economic indicators, observations are given a rating of positive, neutral, or negative based on their impact to the economic environment. Section III of the document provides overview of the economic indicator categories with various graphs. The section is divided into two sections: current and historical economic indicators.

II. Trends and Analysis

A. Current Economic Indicators

The following table displays key observations in the review of current economic indicators. The trend for each key indicator listed below is rated by one of the following symbols:

-  **Positive trends observed; can be an indicator of market expansion**
- **Neutral trends observed; changes can be an indicator of decline or growth**
-  **Negative trends observed; can be an indicator of market contraction**

Category	Indicator	Trend	Comments
Community Development	Community Development Fees	-	Community Development fees have remained relatively flat overall throughout the last three fiscal years, with only a +/-1% change each year.
Community Development	Building & New Residential Construction Permits		Permitting volume experienced a 17% increase at the end of FY 2017, and new construction permits saw an increase of 13%. In addition, construction value of permits saw an increase of 16%, continuing the positive trend seen in recent years.
Employment	Unemployment Rate	-	The current unemployment levels are significantly below the County's ten and five-year averages of 4.3% (2007-2017) and 4.0% (2012-2017). The County's unemployment rate was 3.4% at the end of June 2017, down from 3.5% in FY 2016. Fauquier County ranked 17 th lowest overall in the state.
Employment	Unemployment Insurance Claims	-	Continued and initial unemployment insurance claims continue to decline, with only seasonal fluctuation.
Local Revenue	County Sales Tax Collections		The County sales tax collections continue to experience normalized increases, with an 11.3% increase in FY 2017 as compared to FY 2016, attributed, in part, to two, one-time payments due to specific business investments.
Residential Housing Market	Days Houses are on Market	-	At the end of FY 2017, while the average days on the market increased by approximately 30% as compared to the end of FY 2016, the number of average days went down by approximately 23% from the previous quarter, similar to the rest of the region and in line with normal, seasonal fluctuation.
Residential Housing Market	Median Sales Price		Median home sale values increased by approximately 9% at the end of FY 2017 as compared to the end of FY 2016, tracking slightly higher than fluctuation in previous years, and similar to the rest of the region.
Residential Housing Market	Number of Homes Sold	-	The number of home sales saw a slight decrease of 4% at the end of FY 2017, as compared to the end of FY 2016, offset by a 5% decrease in active listings, in line with normal seasonal fluctuation, as well as the rest of the region.

B. Historic Economic Indicators

The following table displays trends and observations relative to historic economic indicators and how those observations may impact current economic indicators.

Category	Indicator	Trend	Comments
Businesses	Number of New Licenses Issued	↑	The number of new licenses issued for businesses in FY 2017 increased 2.4% from FY 2016, continuing the positive trend seen in recent years.
Businesses	Number of Start-up Firms	↑	Significant seasonal fluctuation remains, and the estimated number of start-up firms saw a 19% increase at the end of the first quarter of CY 2017 as compared to the previous quarter, and as compared to the same period in CY 2016.
Residential Housing Market	Foreclosures by Loan Type	-	Through the end of the first quarter of CY 2017, the number of owner-occupied prime loans in foreclosure and owner-occupied subprime loans in foreclosure continued to decline in the County, as compared to the same period last calendar year.
Taxable Sales	Taxable Sales	-	Taxable sales continue to improve year-over-year, with only seasonal fluctuation, similar to the entire region.

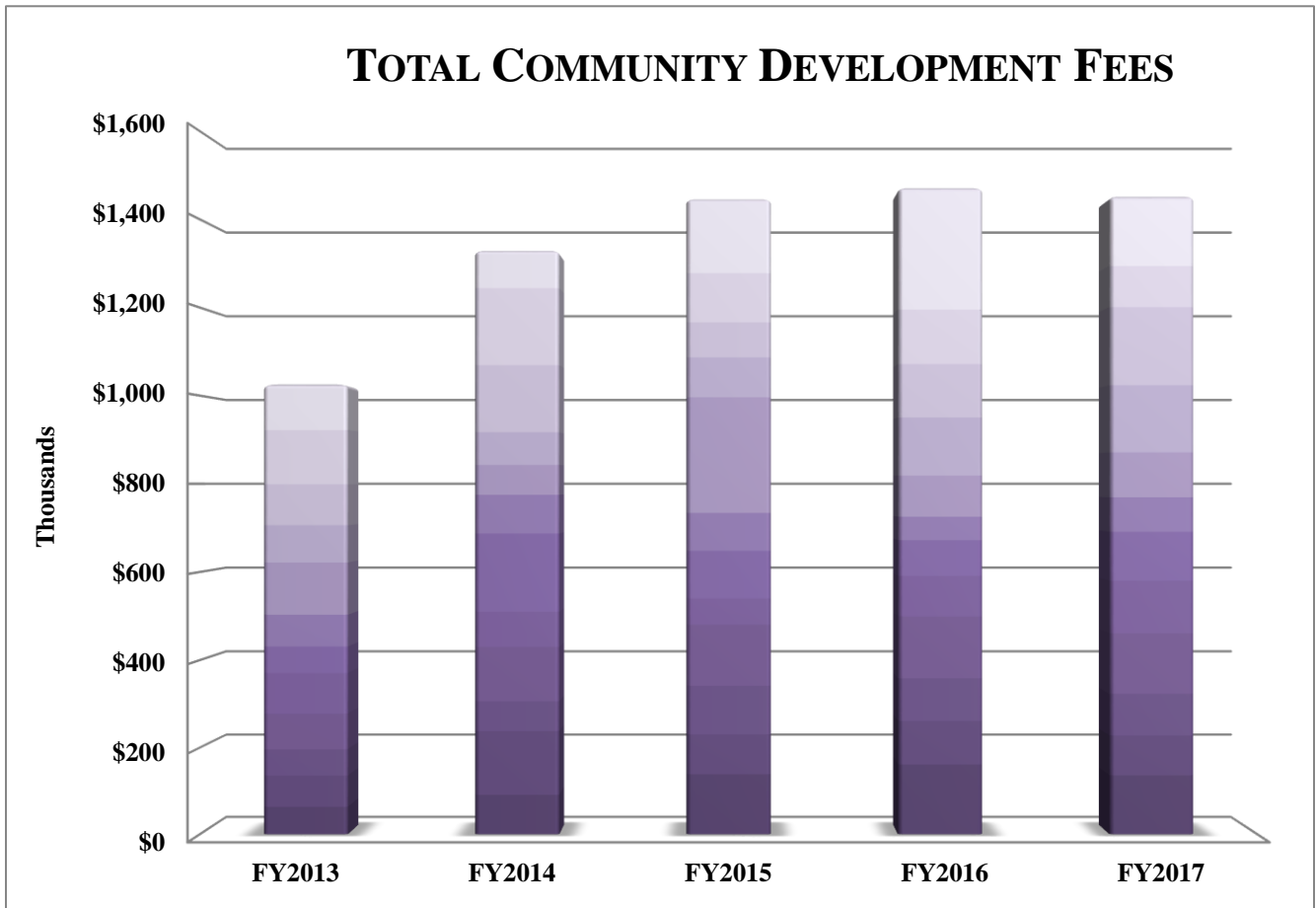
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

While Community Development Fee revenue has remained relatively flat over the last three fiscal years, with only a +/-1% change each year, permitting volume in the County saw significant increases at the end of FY 2017, as did the level of construction value.

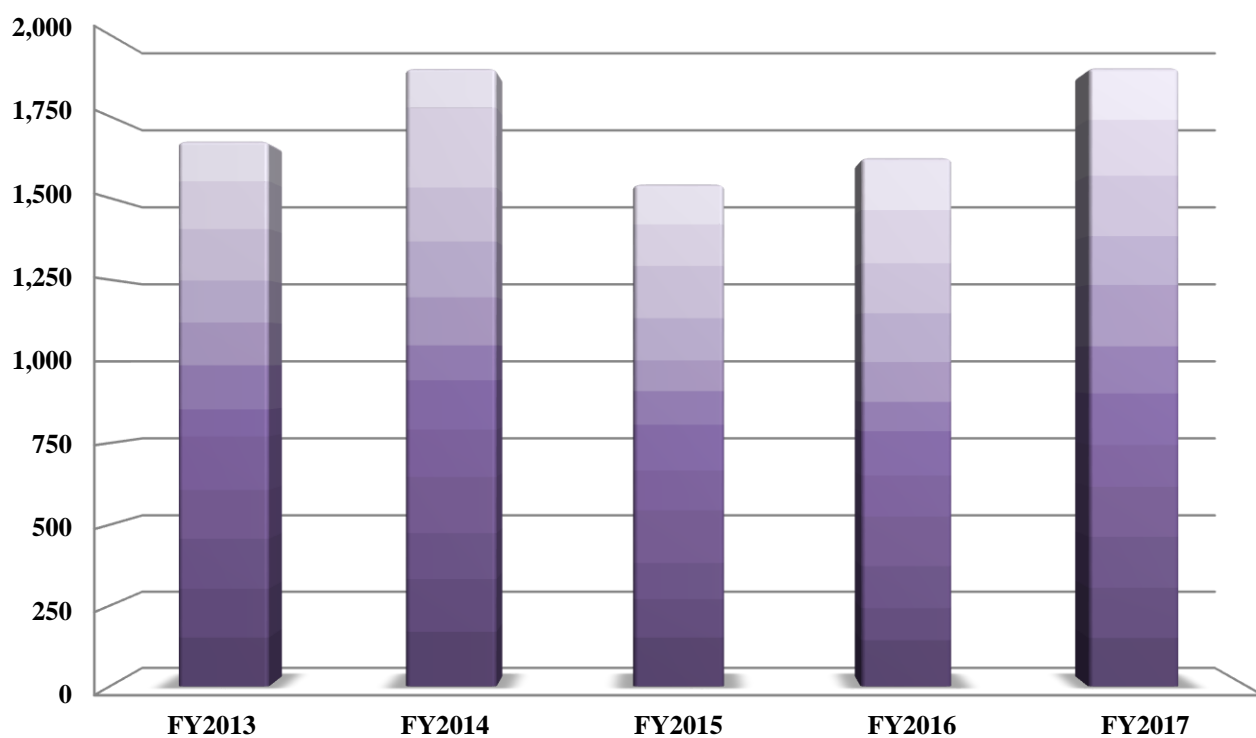


Source: Community Development.

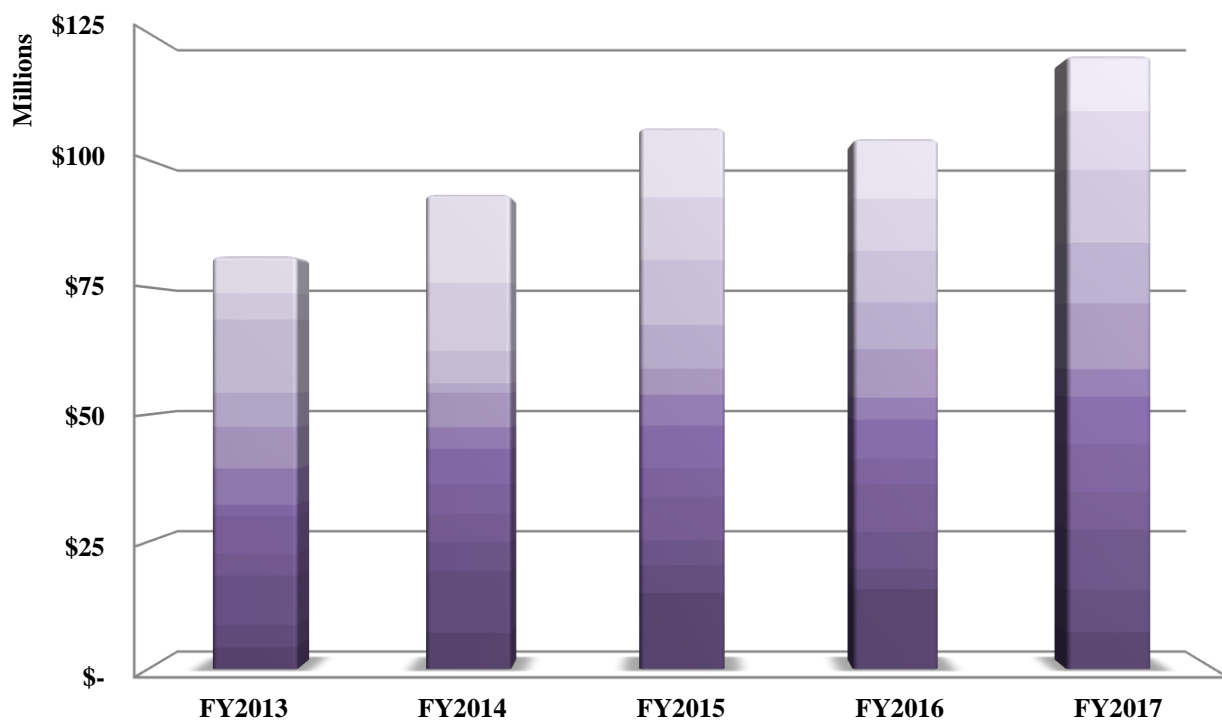
b) Building Permits

Building permits issued increased by 17% at the end of FY 2017 compared to FY 2016, and new residential construction permits saw an increase of 13%. The value of building permits also increased by almost 16%, as did residential plans reviewed by 31%, continuing the positive trend seen in recent years.

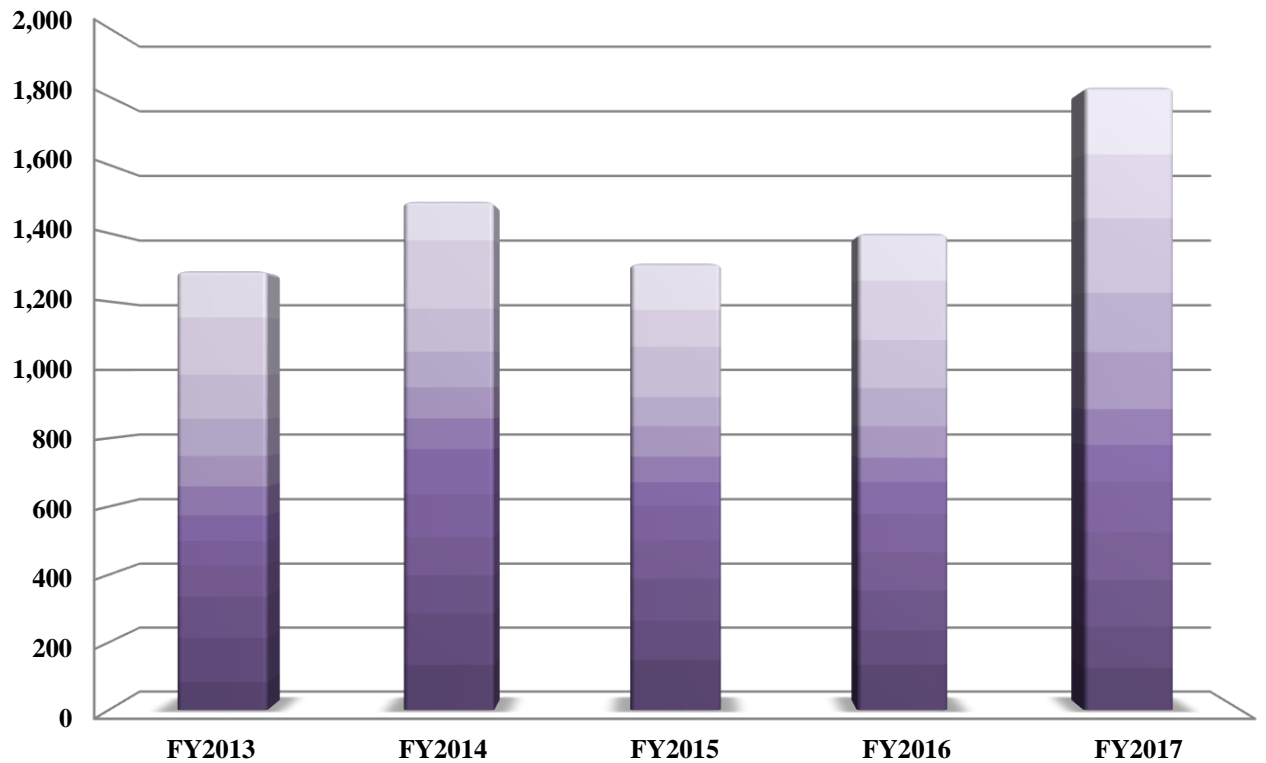
BUILDING PERMITS ISSUED



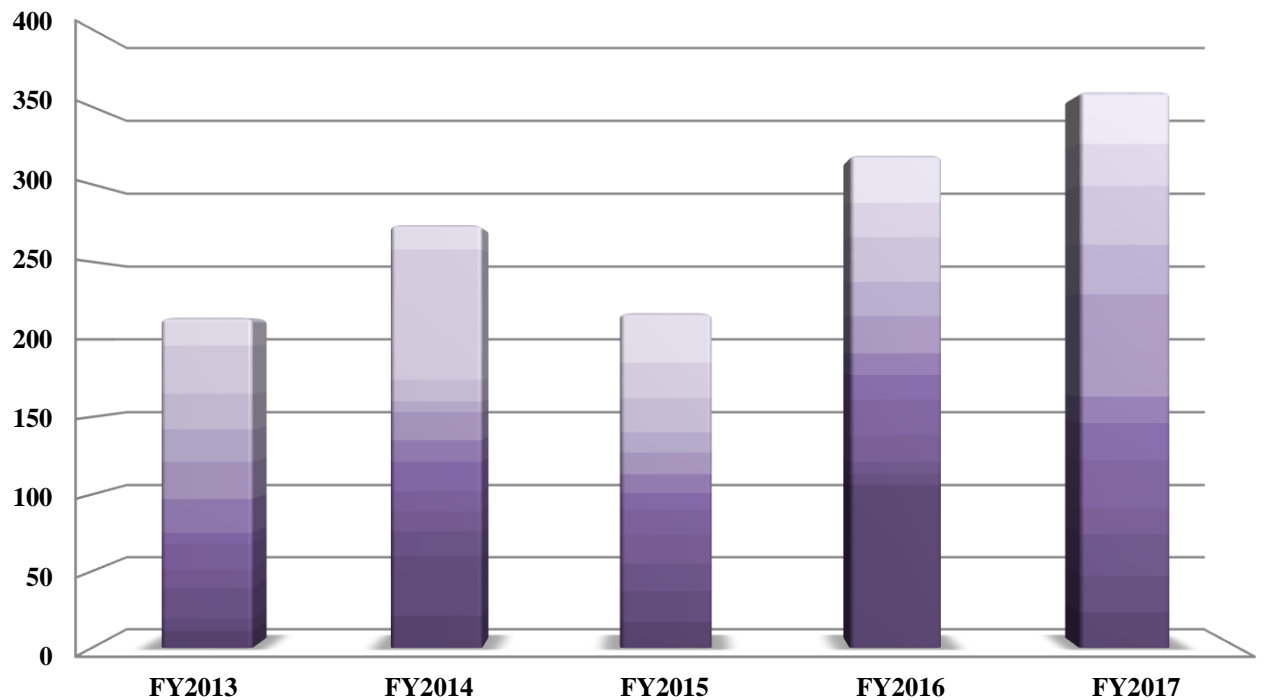
TOTAL CONSTRUCTION VALUE OF BUILDING PERMITS



RESIDENTIAL PLAN REVIEWS



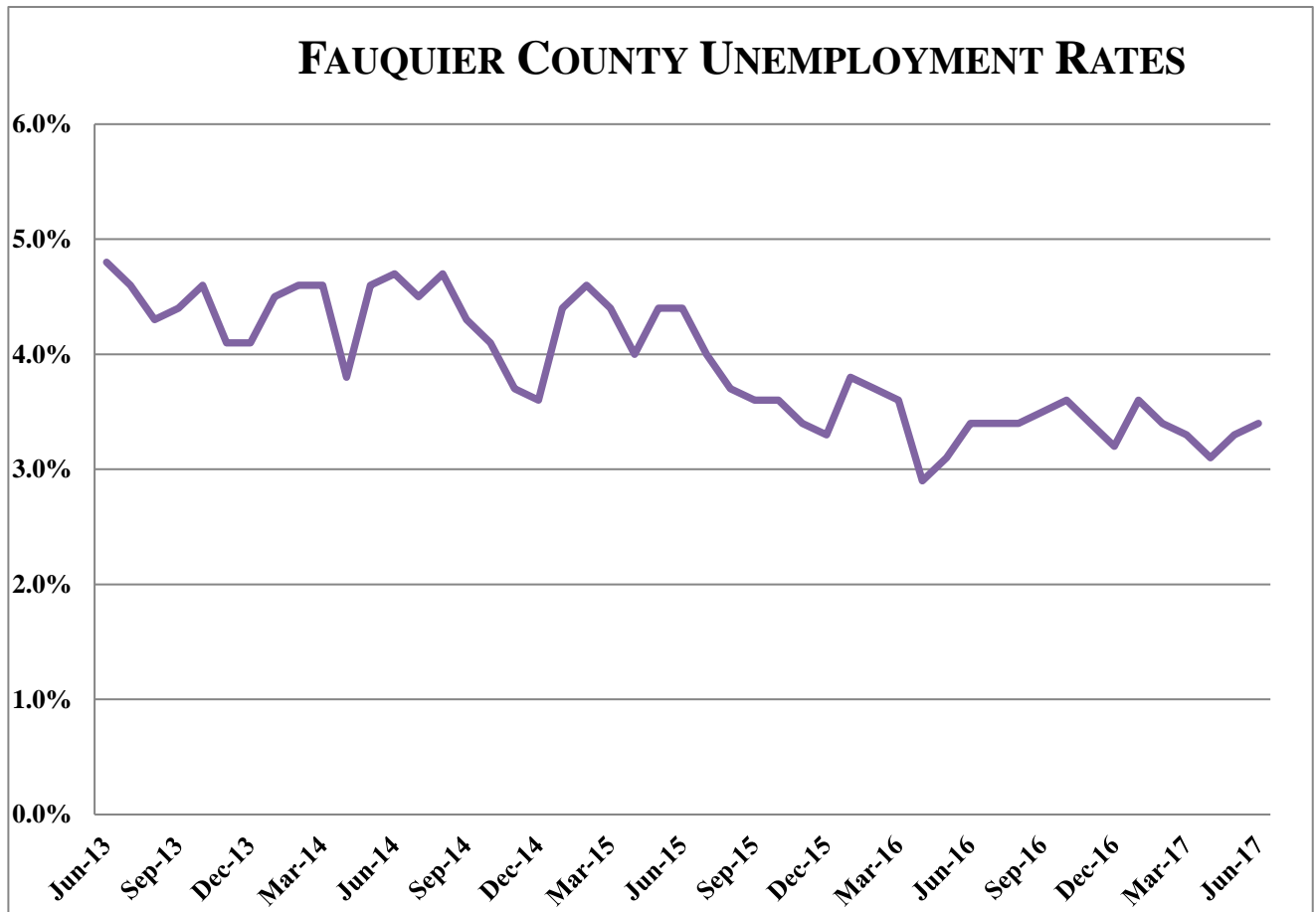
NEW HOME CONSTRUCTION PERMITS ISSUED BY YEAR



2. Employment

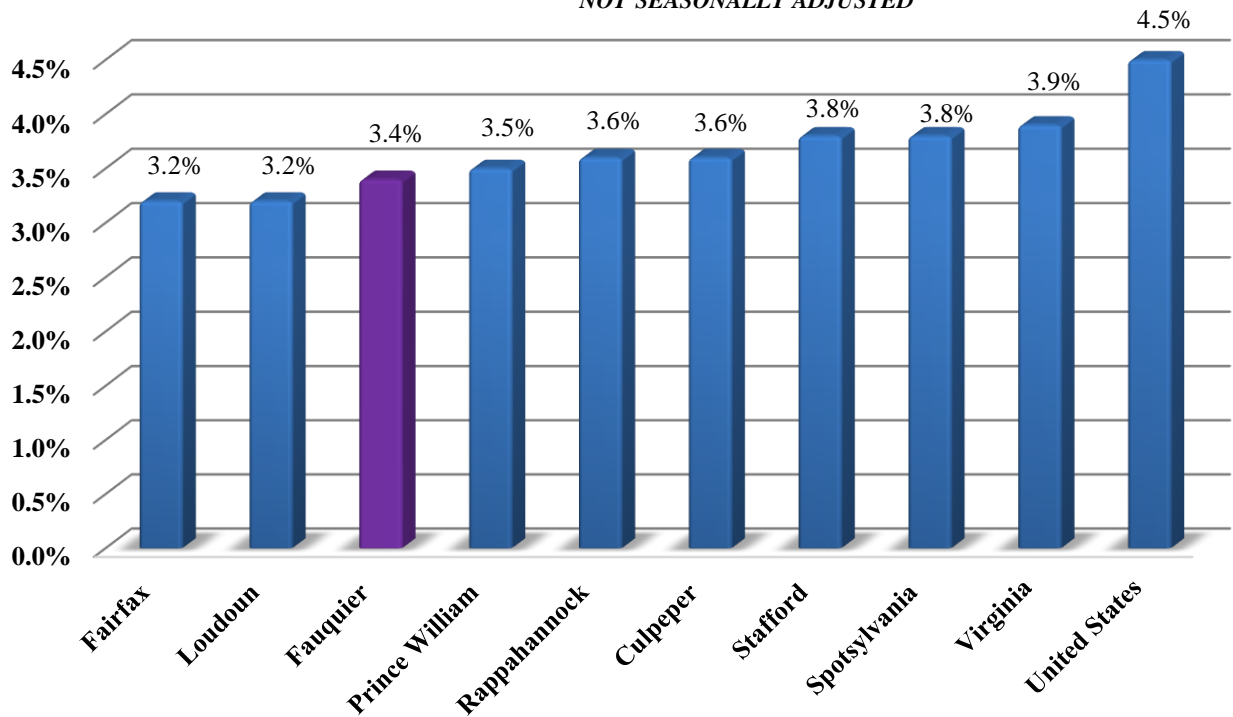
a) Unemployment Rates

The Fauquier County unemployment rate remains stable, experiencing a steady decline with normal seasonal fluctuation. In comparison to other local jurisdictions, Fauquier County's June 2017 unemployment rate of 3.4% trails Fairfax and Loudoun; and leads Prince William, Rappahannock, Culpeper, Stafford, and Spotsylvania. Overall for the Commonwealth, Fauquier County ranked 17th behind other localities such as Arlington, Falls Church City, Fairfax City, Alexandria City, and Madison.



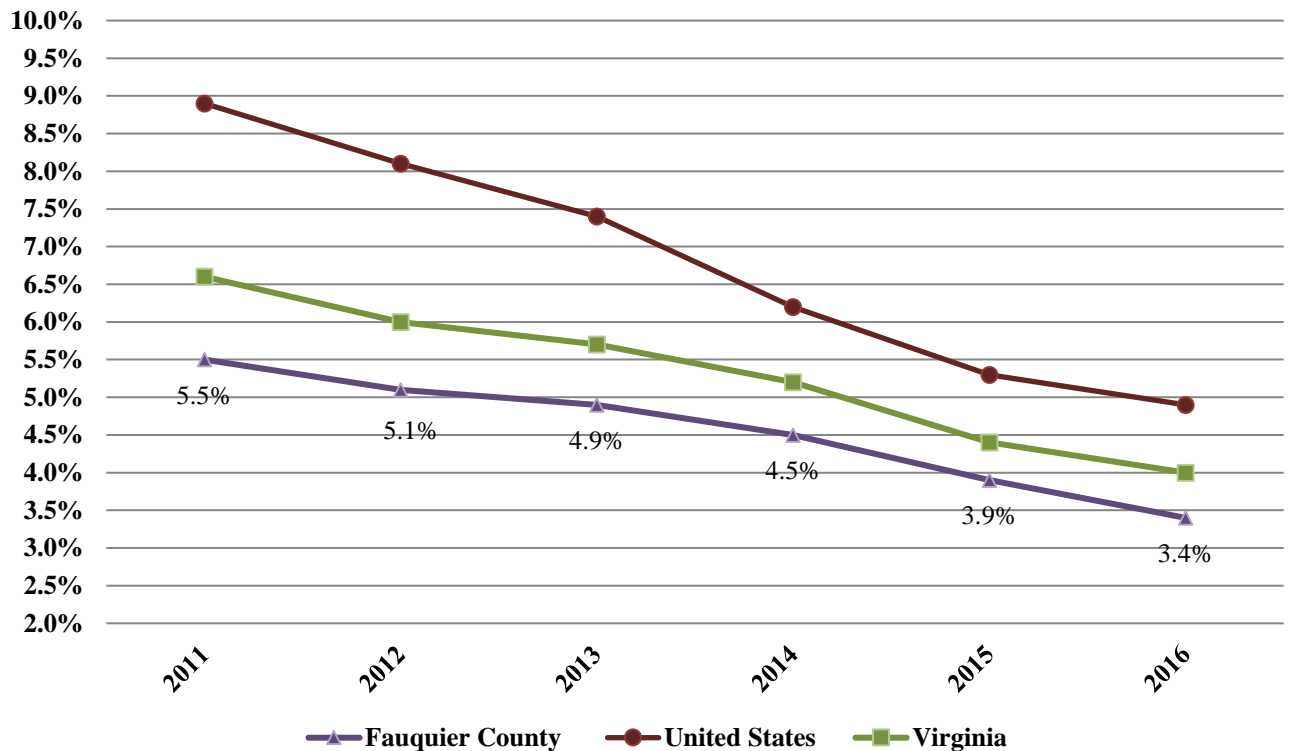
JUNE 30, 2017 UNEMPLOYMENT RATES

NOT SEASONALLY ADJUSTED



AVERAGE ANNUAL UNEMPLOYMENT RATES

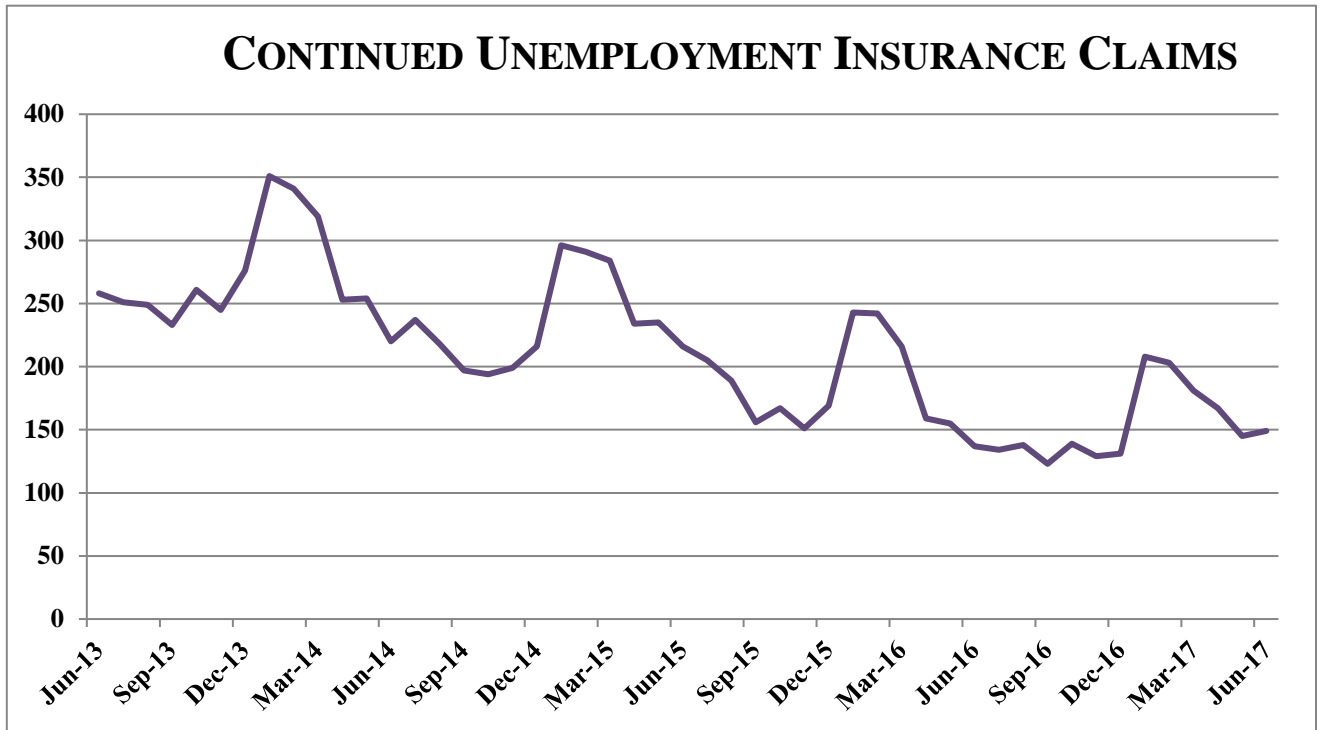
not seasonally adjusted, calendar year basis



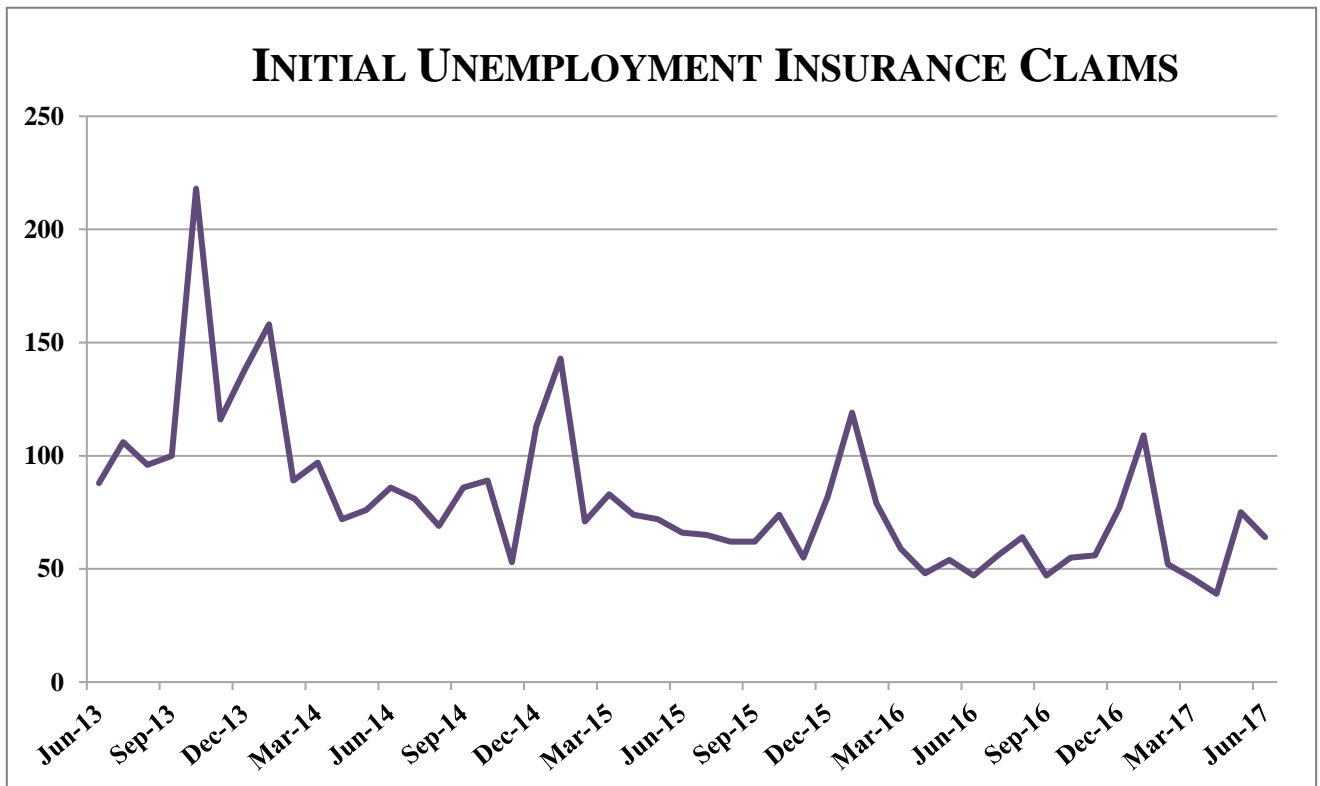
Source: Virginia Employment Commission. FY 2017 data available after 1st Quarter, CY 2018.

b) Unemployment Insurance Claims

Continued unemployment insurance claims and initial unemployment claims continued to decrease in FY 2017, consistent with seasonal fluctuation but at a lower rate of change. Continued unemployment insurance claims decreased by 15% overall in FY 2017 as compared to FY 2016, and initial unemployment claims decreased by approximately 8% during the same time period.



Source: Virginia Employment Commission



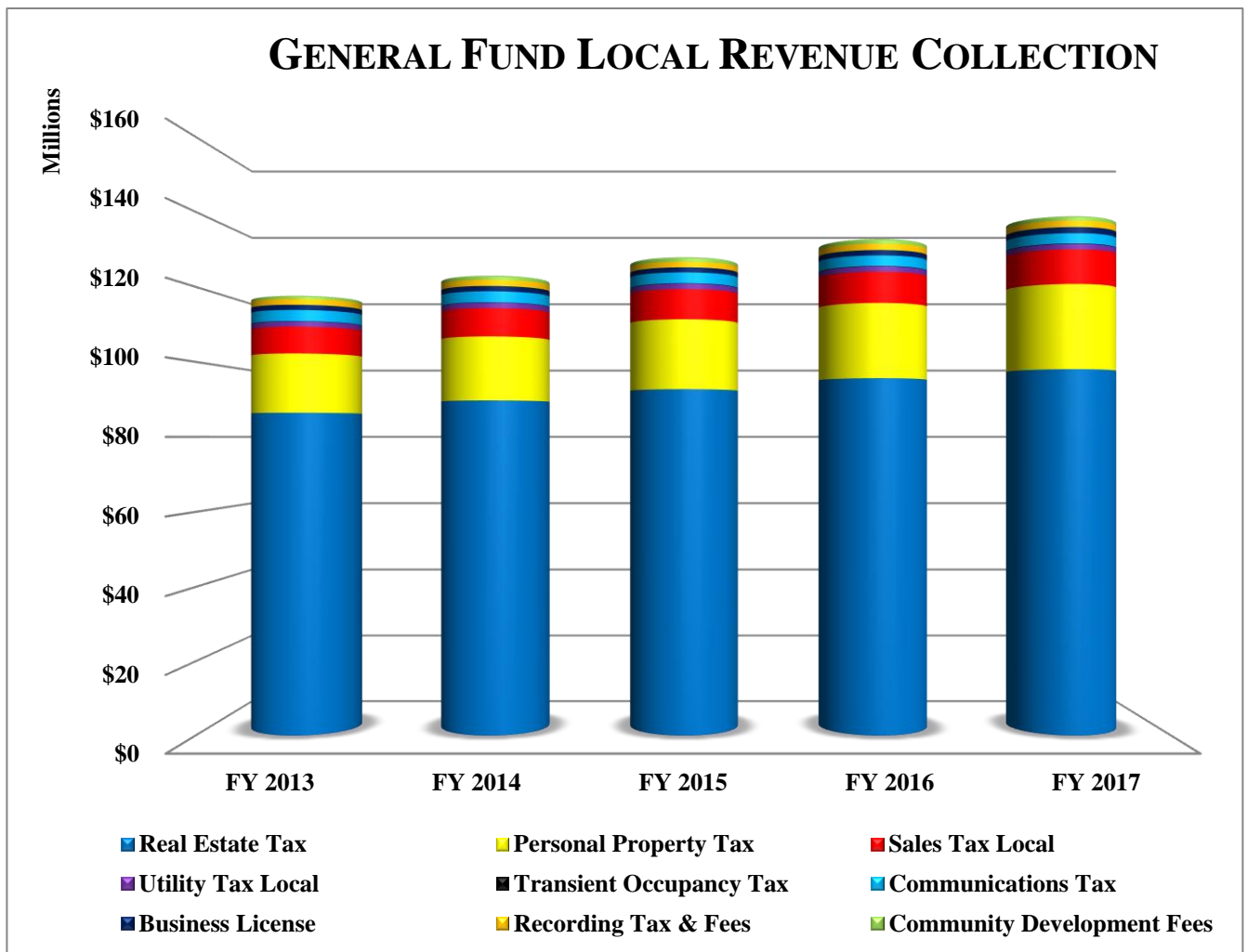
3. Local Revenues

The following graphs display key General Fund local revenue sources. Local revenue sources observed are real estate tax, personal property tax, sales taxes, utility tax, recording tax and fees, business and other professional licensing tax and fees, and transient occupancy tax revenue.

a) General Fund Local Revenue Collection

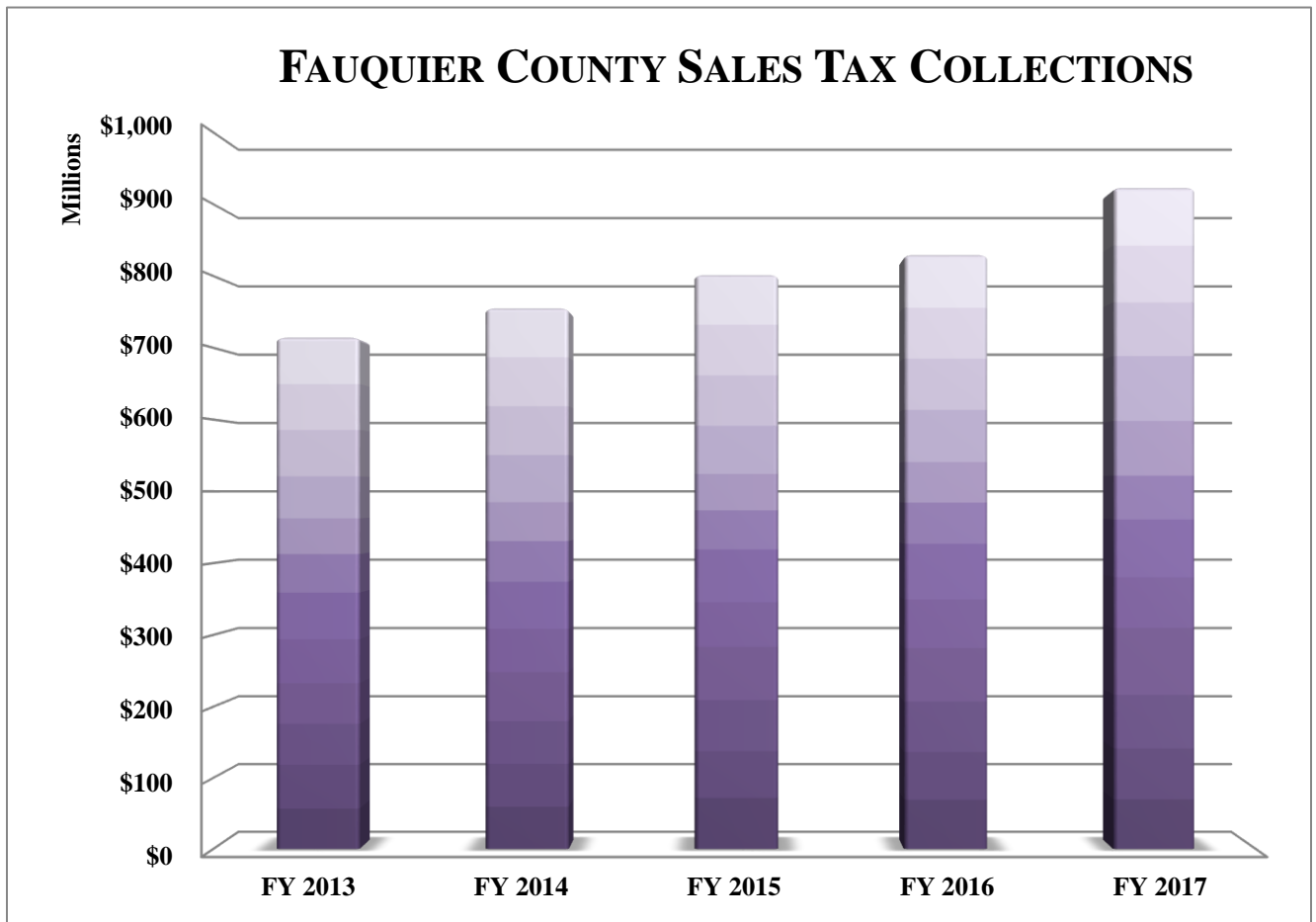
General Fund local revenues continued to experience consistent growth overall in FY 2017, with a 4.6% increase as compared to FY 2016. The most significant signs of growth in FY 2017 can be found in personal property tax, transient occupancy tax, and business license revenues. Personal property tax revenue saw a notable increase of 13.3%, due to additions in the base assessment value of personal property from new business investments, with continued positive growth as a result of new automobile purchases and maintained valuations.

While Community Development fees, utility tax, and communications tax revenues experienced slight decreases, moderate increases were experienced in sales taxes and real estate taxes during FY 2017, as compared to FY 2016. Real Estate Tax growth is relative to both additions and improvements, as well as the increased overall real estate tax rate for TY 2016.



b) Sales Tax Revenue

Monthly sales tax collections saw an 11.3% increase overall in FY 2017 as compared to FY 2016. This upward trend can be attributed in part to two, one-time payments for public service equipment during the second and third quarters. When adjusted for the one-time payments, the annual increase was 7.1%, trending at a more normalized rate of growth, but notably higher than last year. It remains in line with the rest of the region and outpaces the State's annual growth trend.

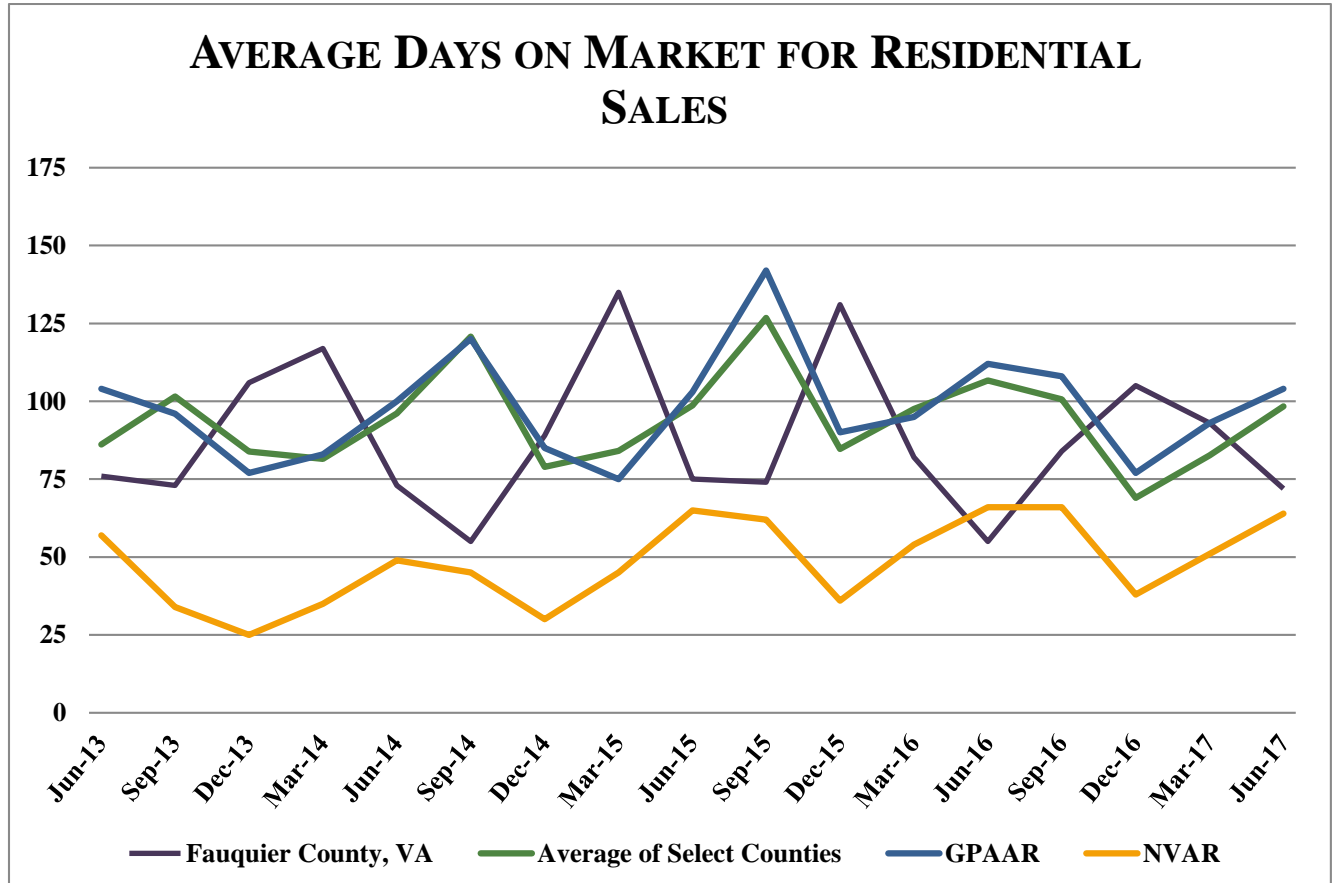


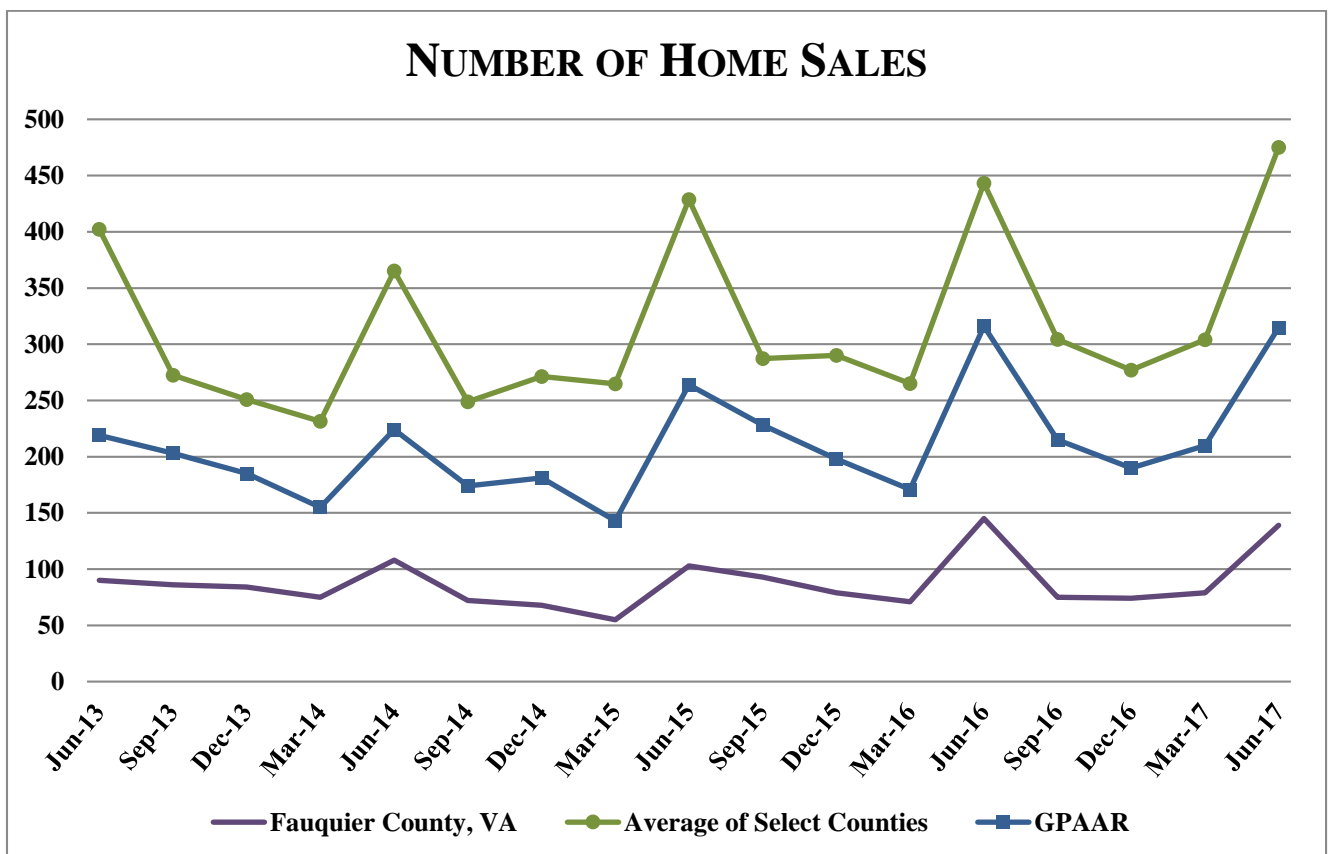
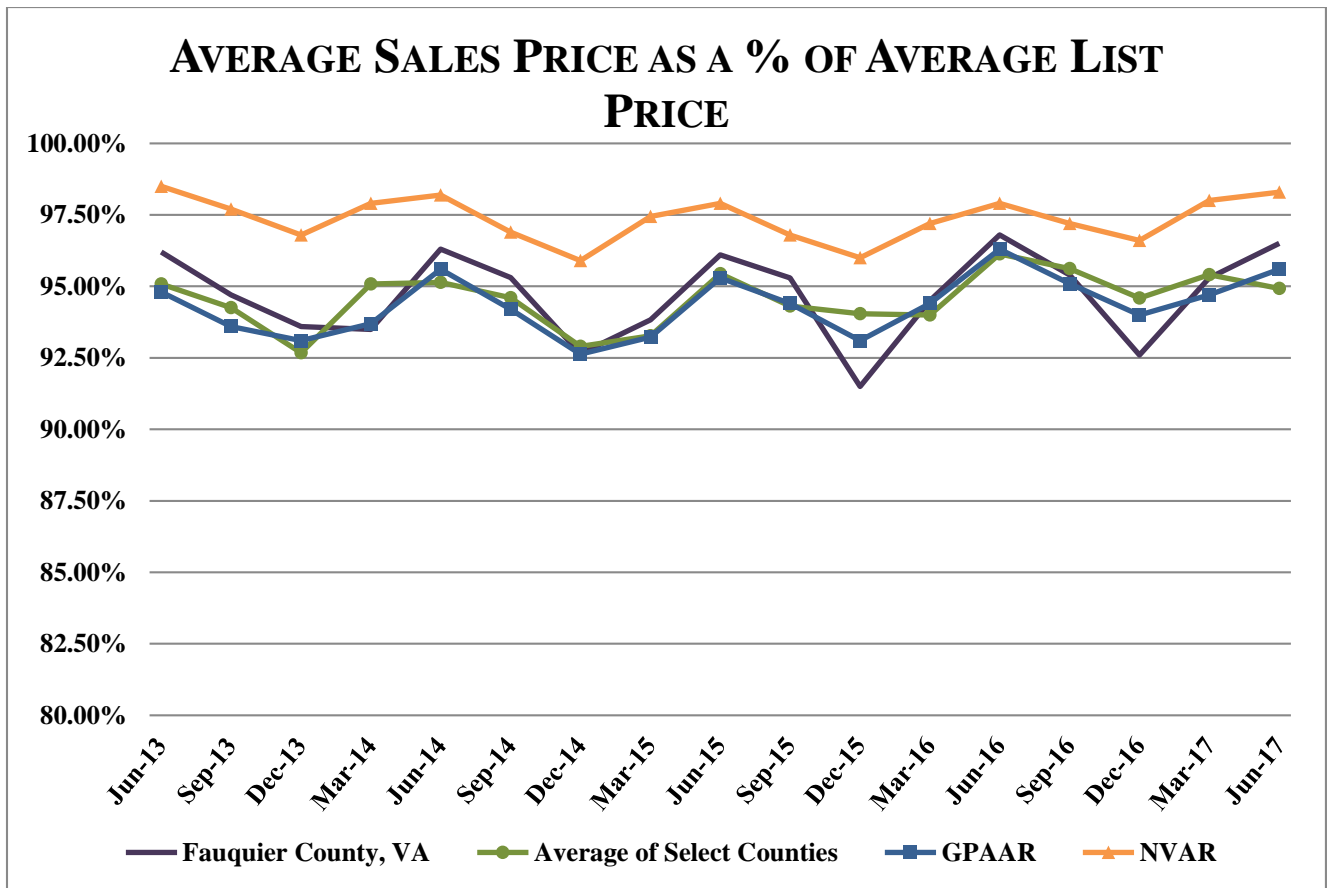
4. Residential Housing Market – Current Data

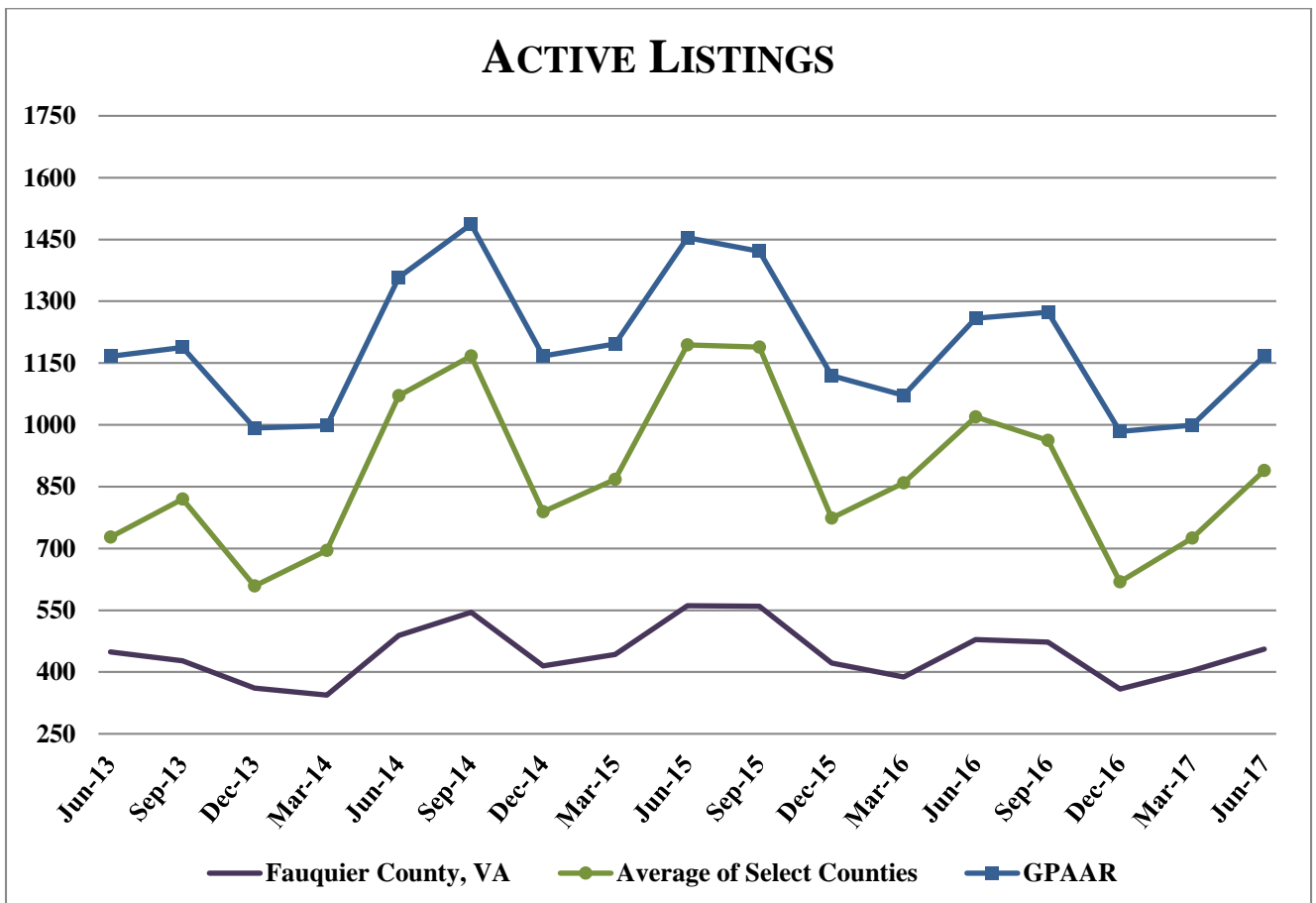
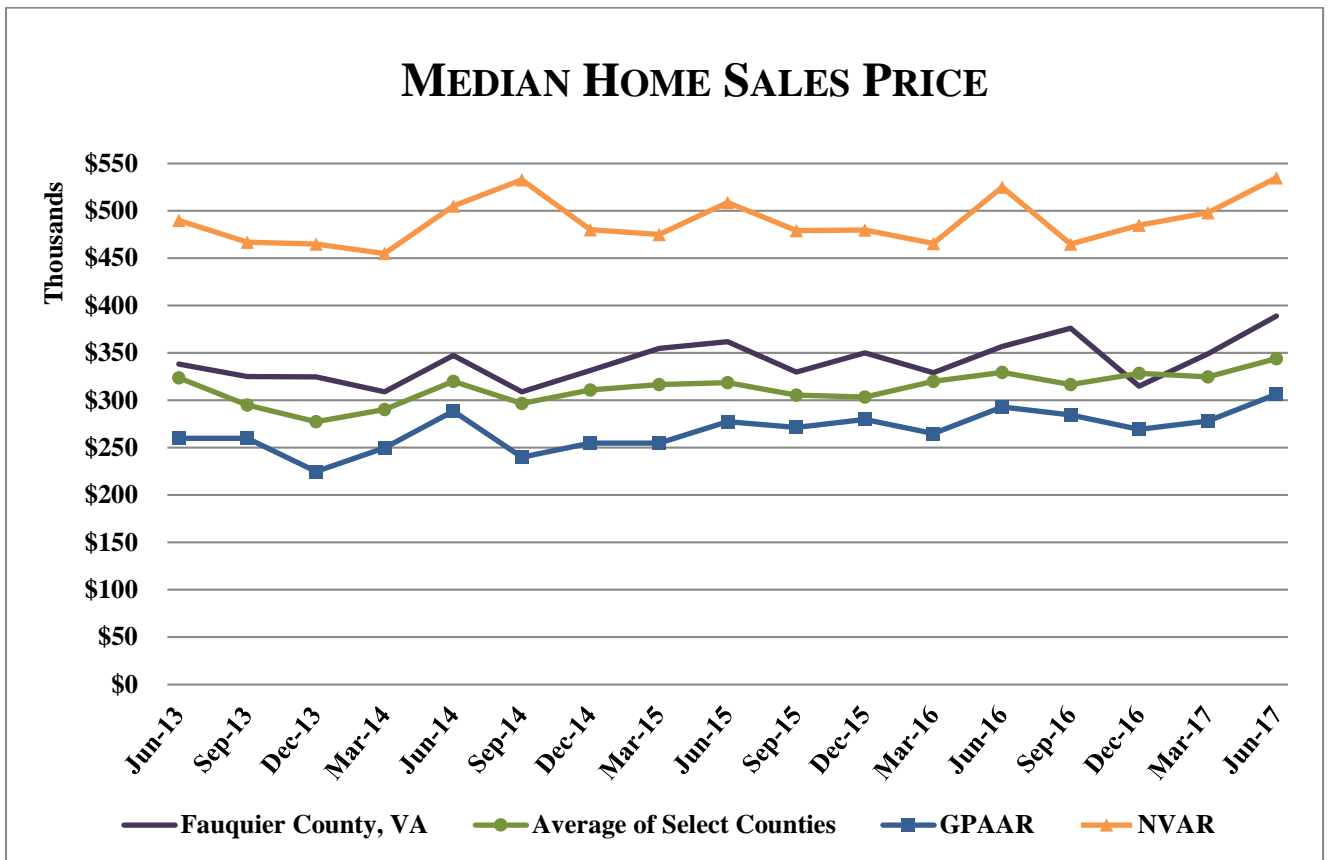
The following charts provide data on various characteristics of the local residential housing market. The graphs display data for Fauquier County, the Greater Piedmont Area Association of Realtors, Northern Virginia Association of Realtors, and/or an Average of select counties. The Greater Piedmont Area Association of Realtors (GPAAR) is composed of the following counties: Fauquier, Culpeper, Orange, Madison, and Rappahannock. The Northern Virginia Association of Realtors (NVAR) is composed of the following counties or cities: Fairfax County, City of Fairfax, Arlington County, City of Alexandria, and City of Falls Church. The selected counties for purposes of averaging include Fauquier, Culpeper, Orange, Madison, Fairfax, Loudoun, Prince William, Rappahannock, and Spotsylvania.

a) Residential Sales

The County's housing market has remained relatively stable throughout FY 2017, with only normal seasonal fluctuation. At the end of FY 2017, while the average days on market for sold homes decreased from the third quarter, average days saw a 30% increase from the same time last year. While the number of units sold experienced a decrease of approximately 4% from the same time last fiscal year, the number of active listings was down approximately 5%. This trend is similar to the region and an experience seen on the state and national levels, with insufficient real estate inventory-to-market demand. The average sales price has stayed relatively flat, with seasonal fluctuation, similar to the rest of the region.





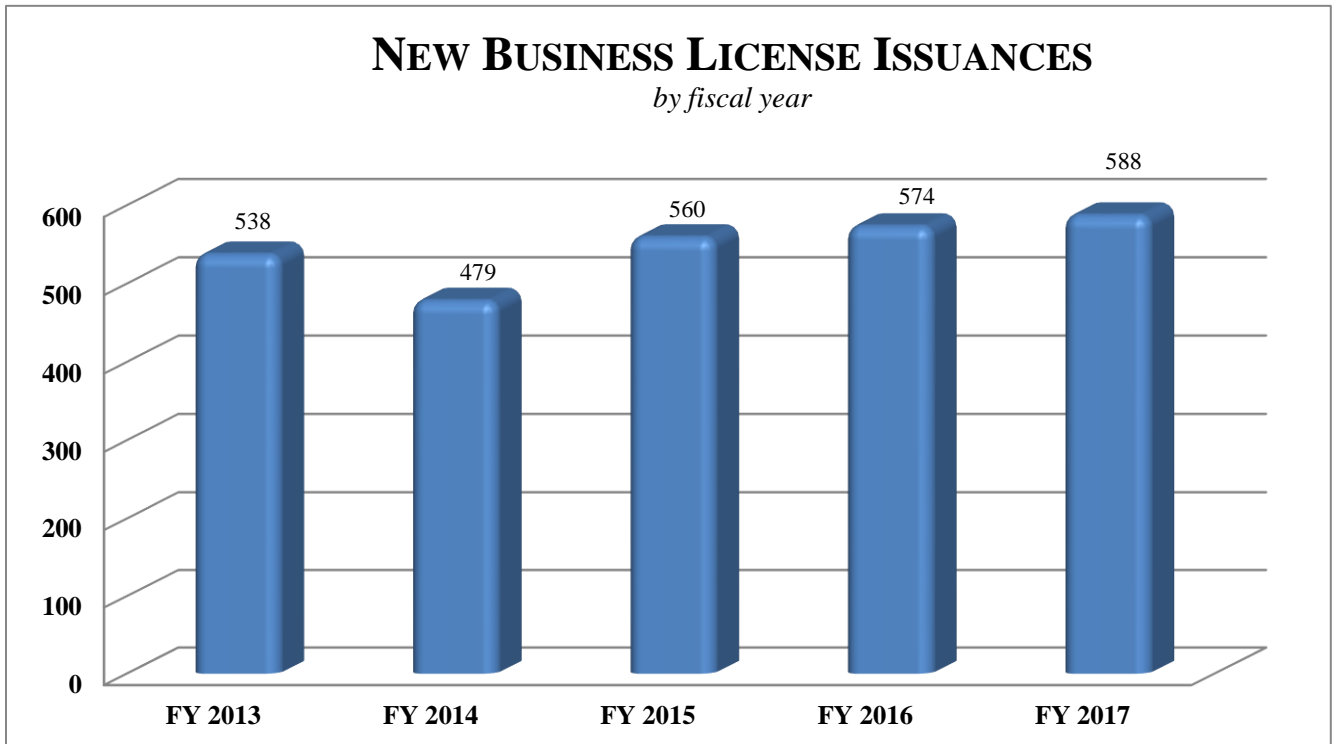


Source: Metropolitan Regional Information Systems, Inc. (MRIS)

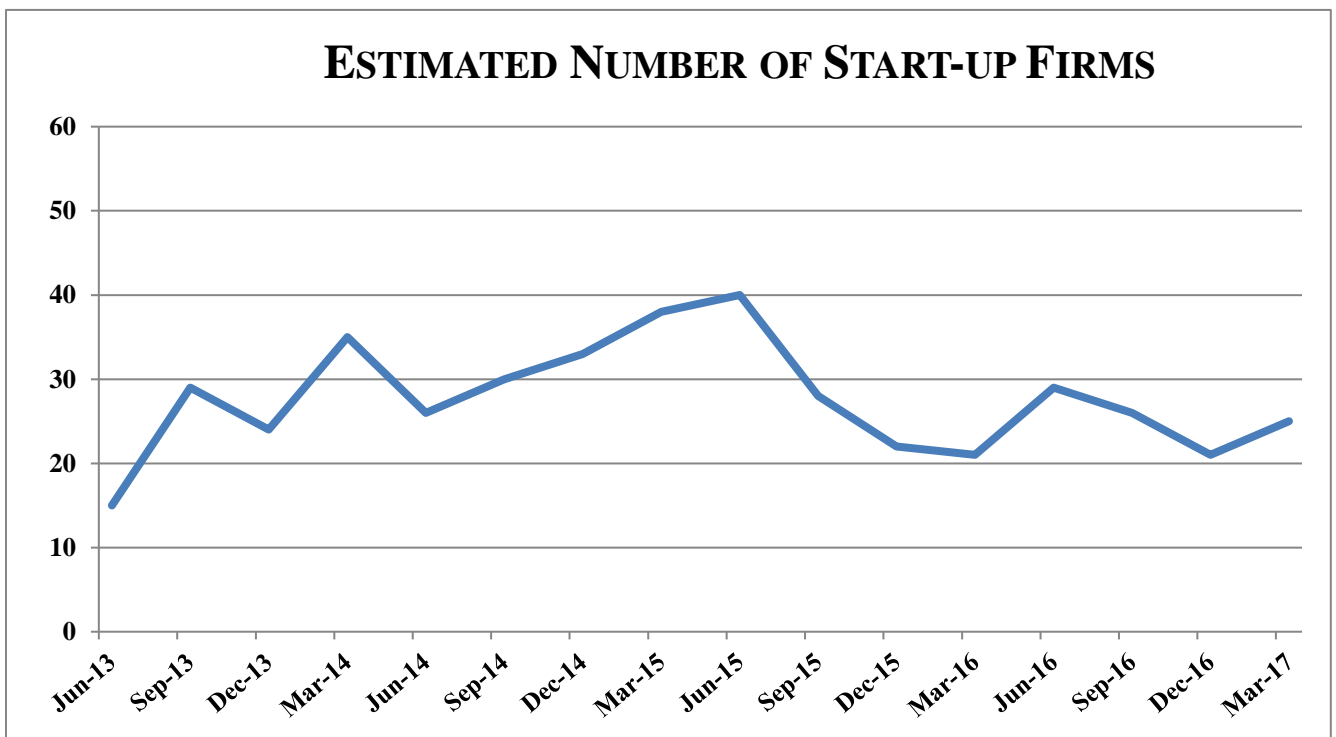
B. Historical Economic Indicators Data

1. Businesses

The number of new licenses issued for businesses has seen a continuing positive trend over the last three years, with a 2.4% increase in FY 2017 compared to FY 2016. The number of start-up firms continues to see significant season fluctuation, with a 19% increase at the end of the first quarter of CY 2017 as compared to the previous quarter, and as compared to the same time last Calendar Year.



Source: Commissioner of the Revenue



Source: Virginia Employment Commission, as of March 31, 2017.

2. Residential Housing Market – Historical Data

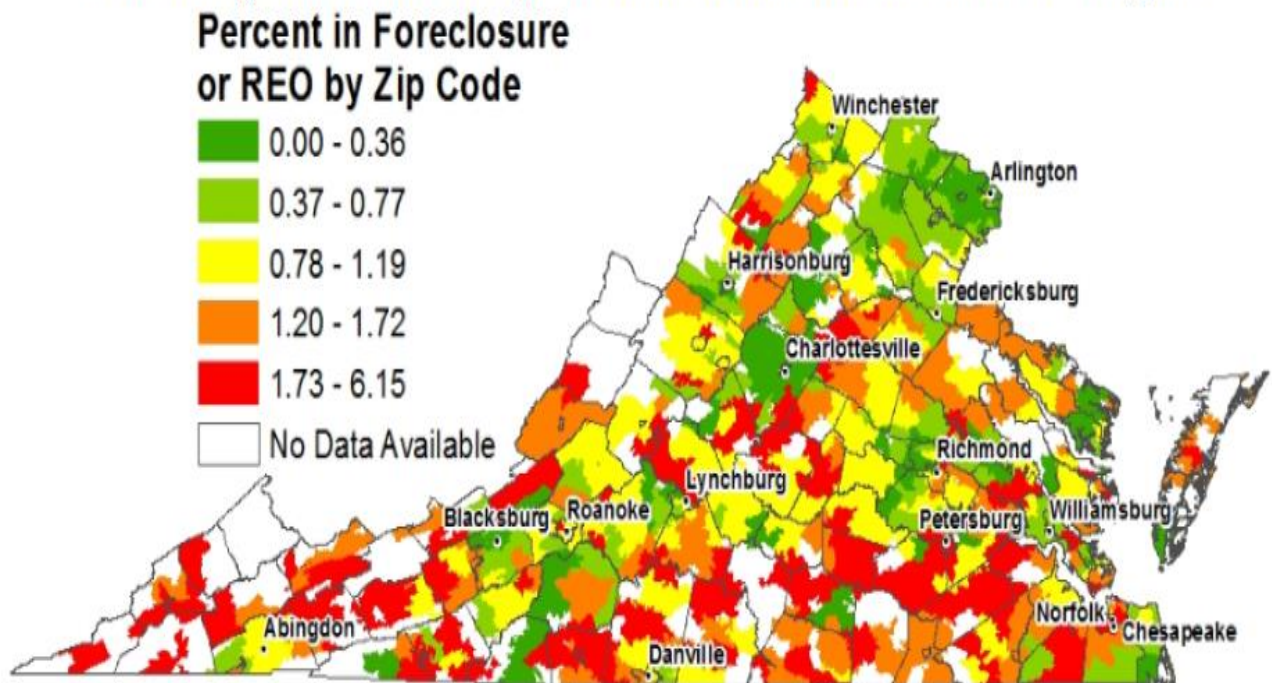
a) Residential Foreclosures and Delinquencies

The following five graphs are prepared by the Federal Reserve Bank of Richmond as part of their quarterly mortgage performance summaries for the Commonwealth of Virginia display:

- Percentage of foreclosures or REO for owner-occupied mortgages – prime loans;
- Percentage of delinquencies for owner-occupied mortgages – prime loans;
- Percentage of foreclosures or REO for owner-occupied mortgages – subprime loans;
- Percentage of delinquencies for owner-occupied mortgages – subprime loans; and
- Percentage of owner-occupied mortgages with subprime loans.

As of March 2017, foreclosures in the County continued to remain stable for prime and subprime loans. Additionally, the volume of owner-occupied home mortgages with subprime loans continued to lessen throughout the County.

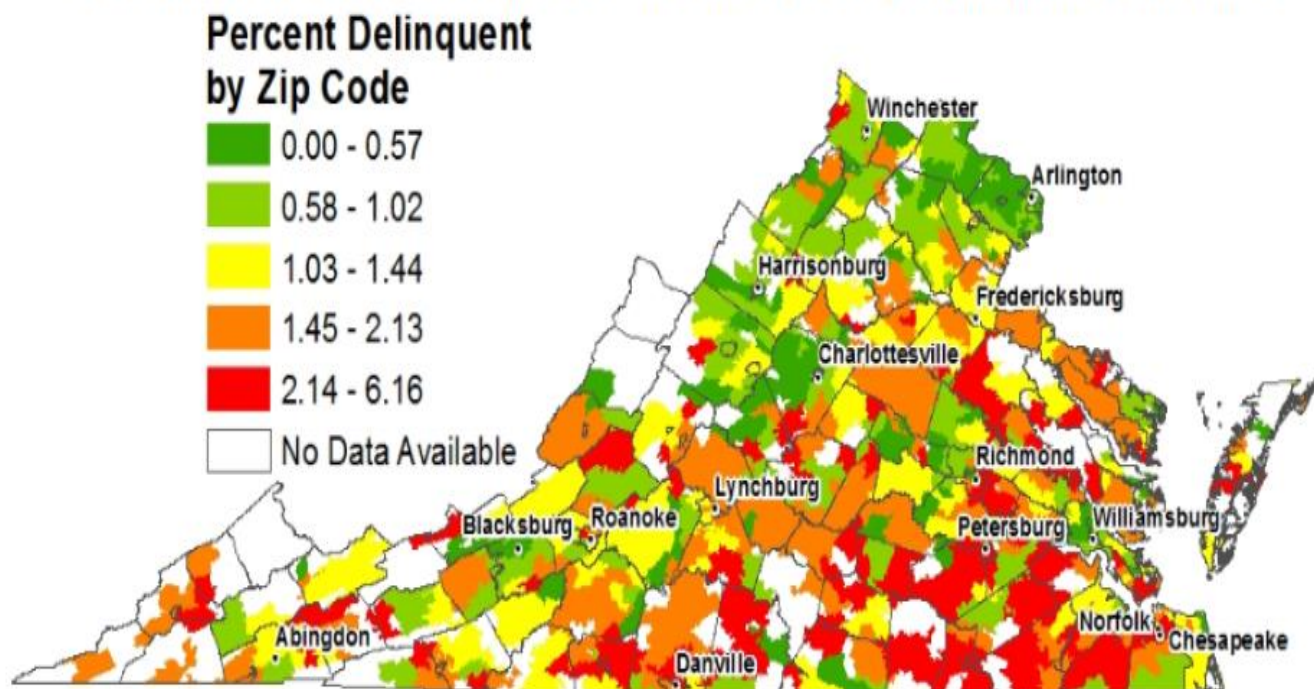
Percentage of Owner-Occupied Loans in Foreclosure or REO : Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2017)

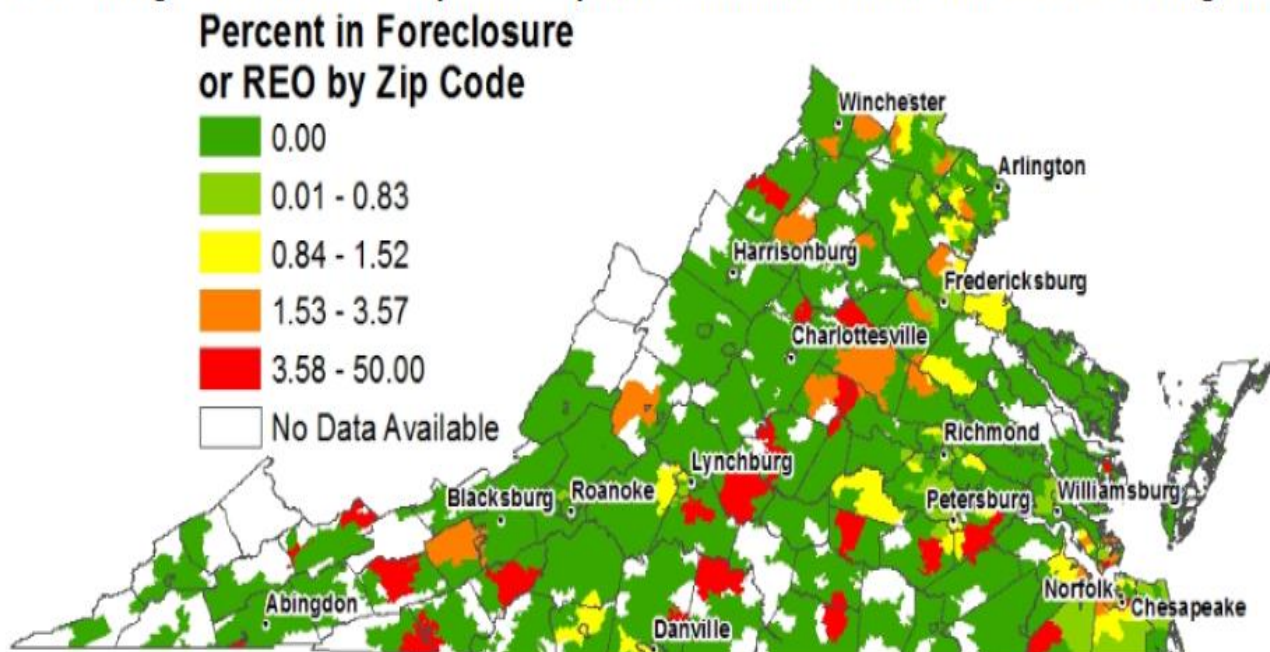
Percentage of Owner-Occupied Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2017)

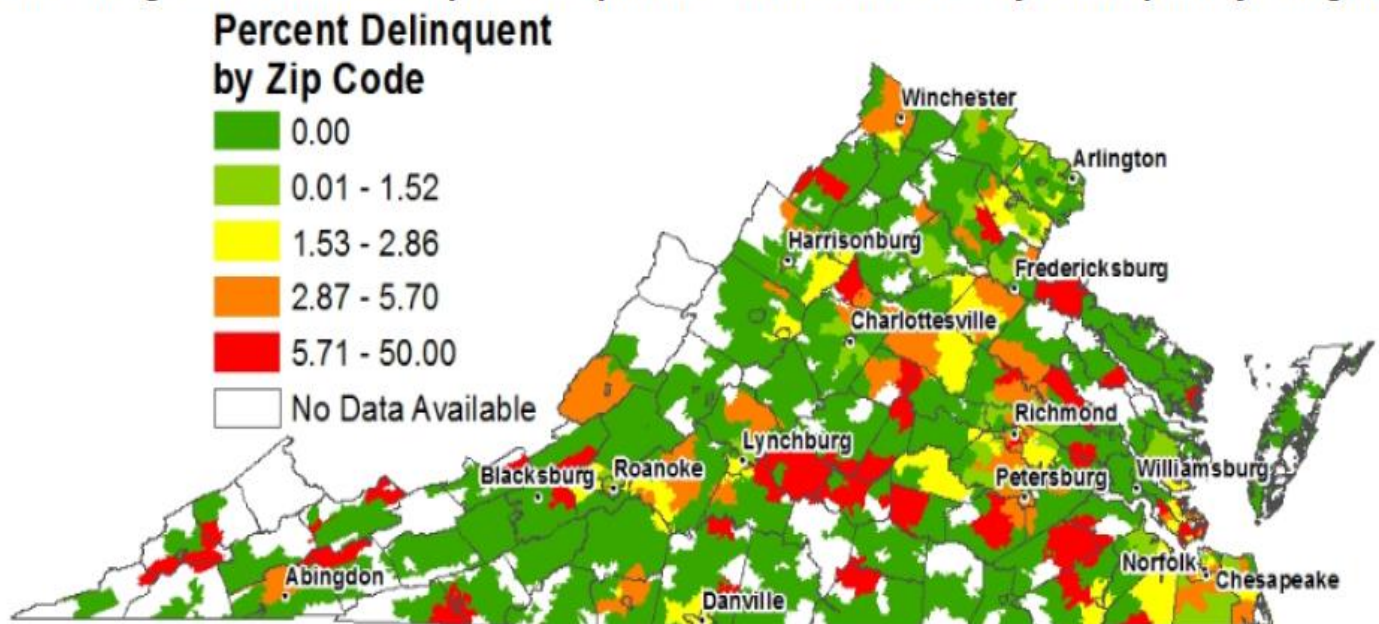
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2017)

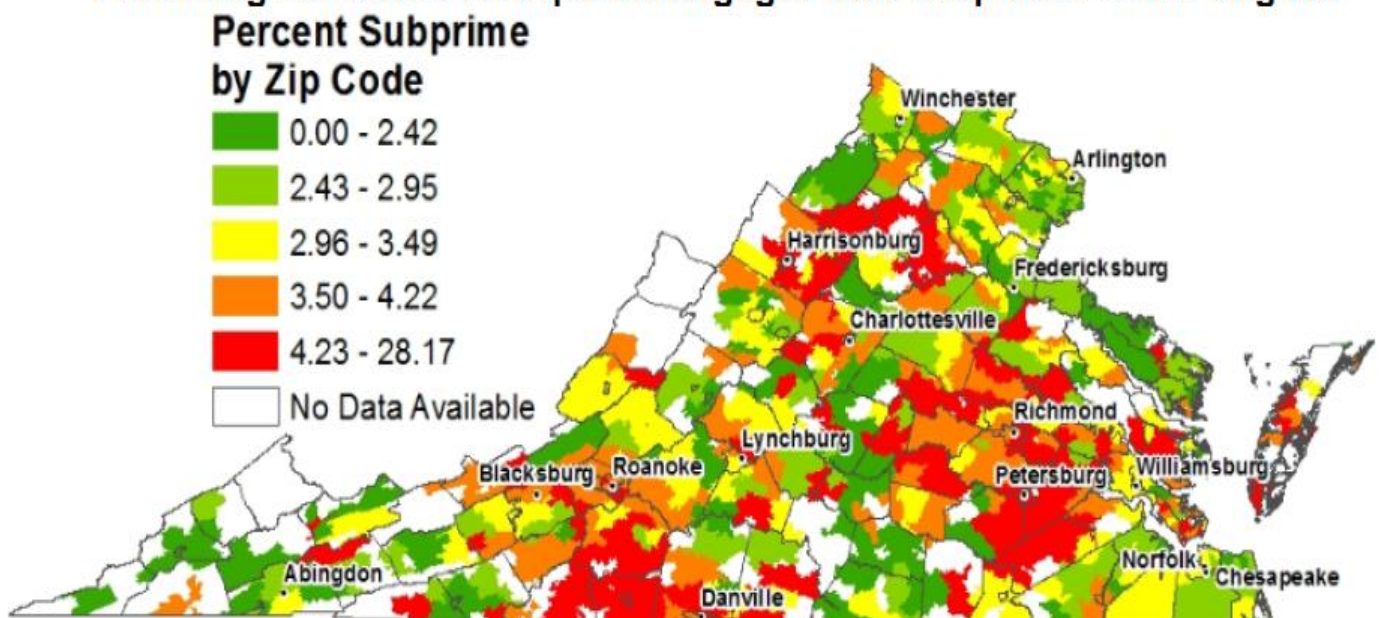
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2017)

Percentage of Owner-Occupied Mortgages with Subprime Loans: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or have no data available.

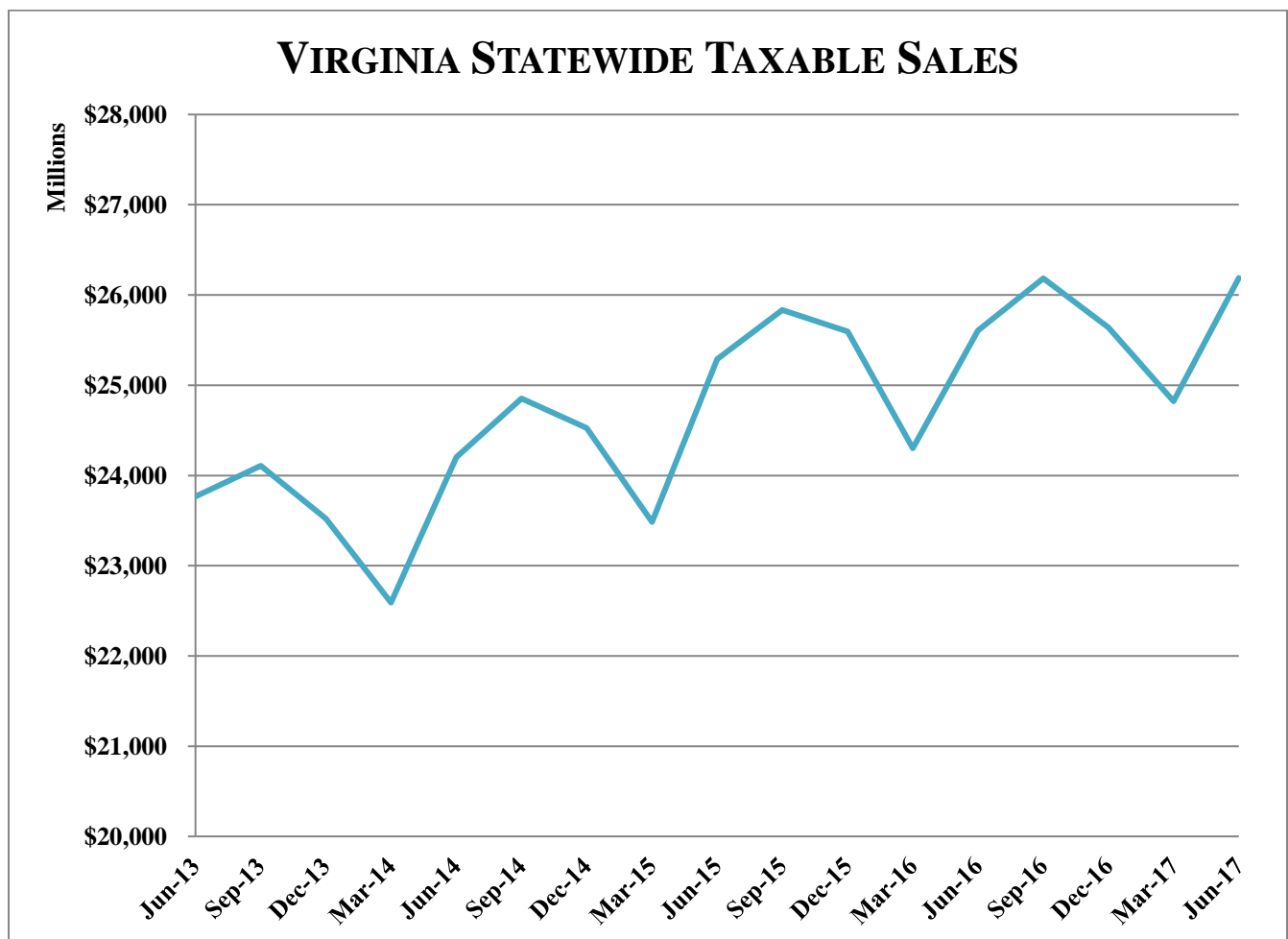
Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2017)

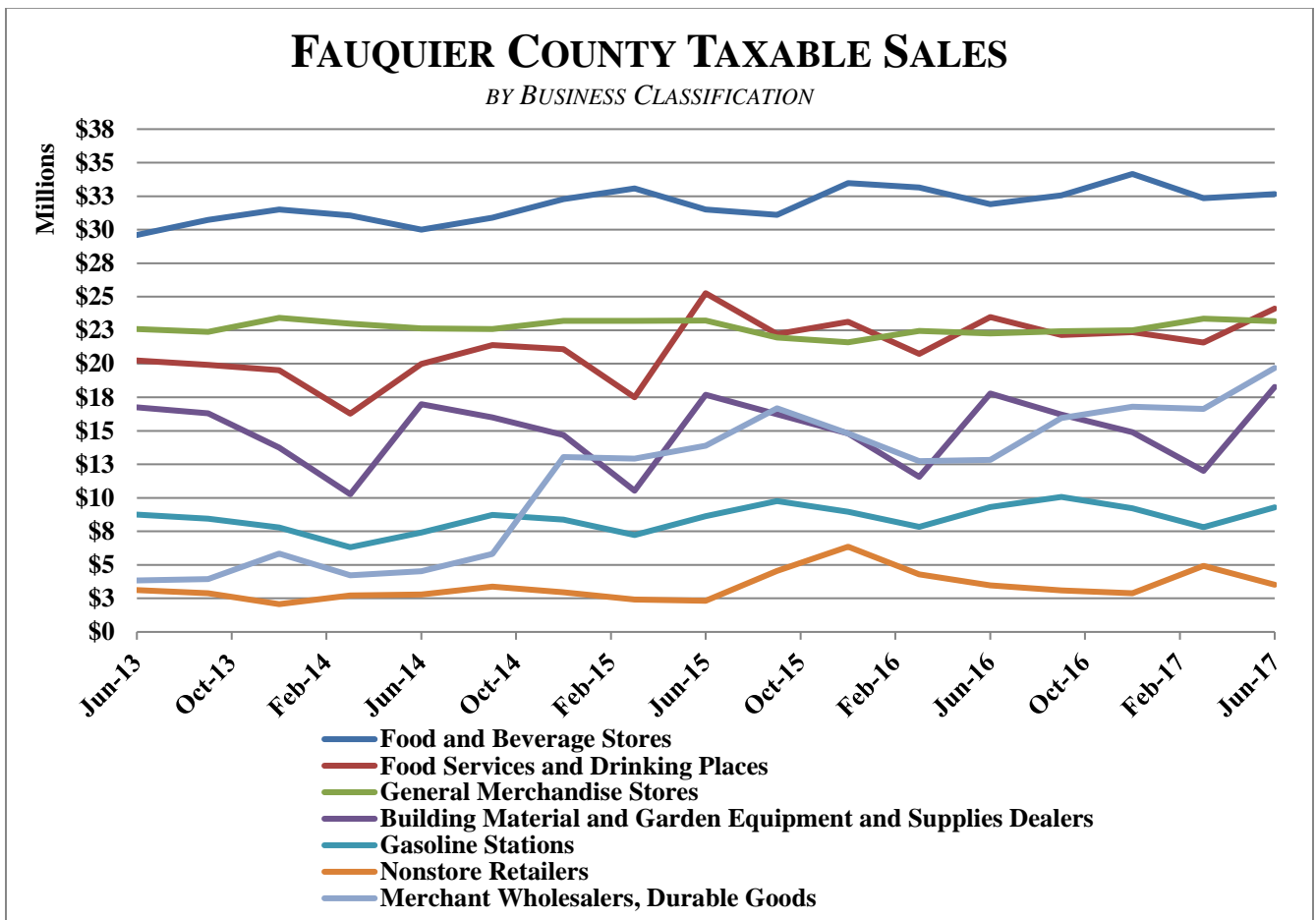
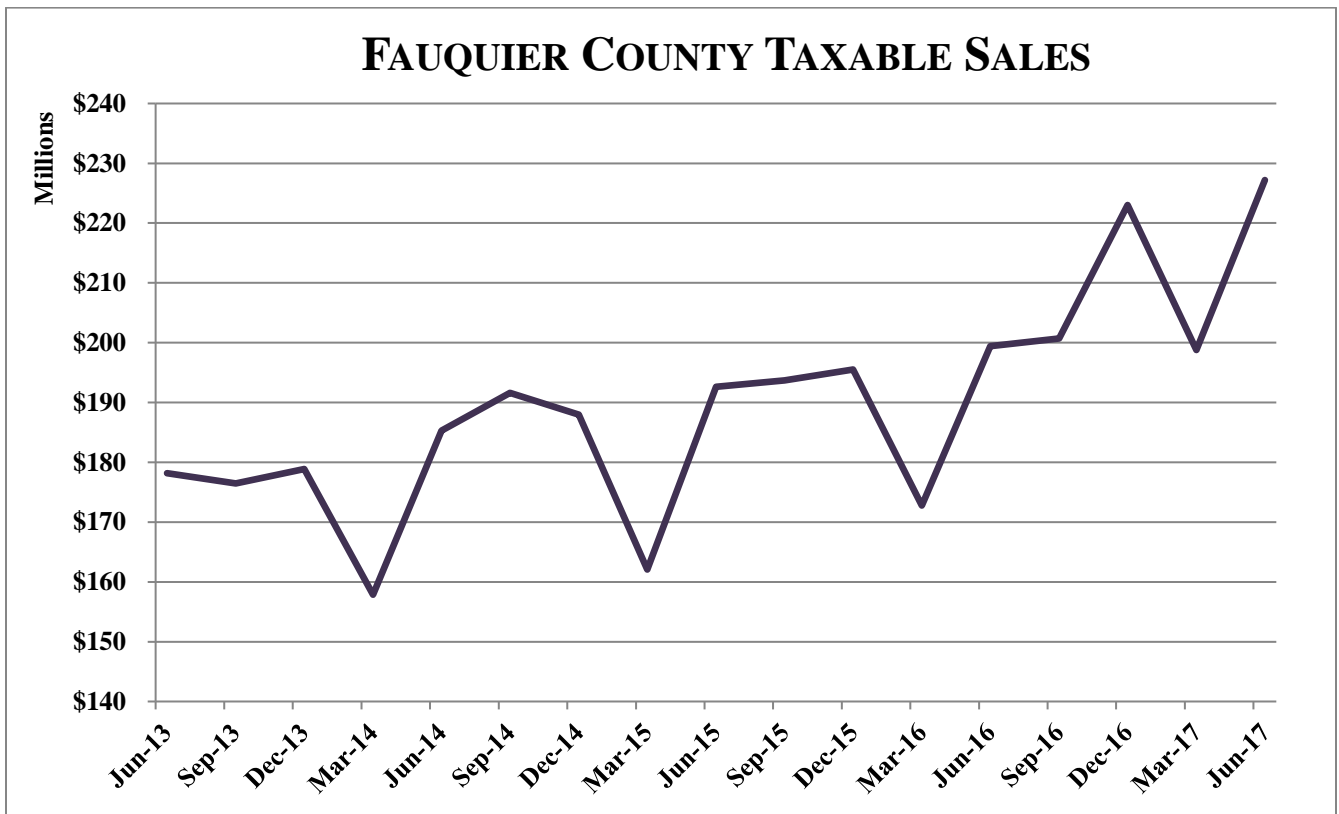
3. Taxable Sales

The following graphs provide data trends of taxable sales relative to the County, the State, and other local jurisdictions including:

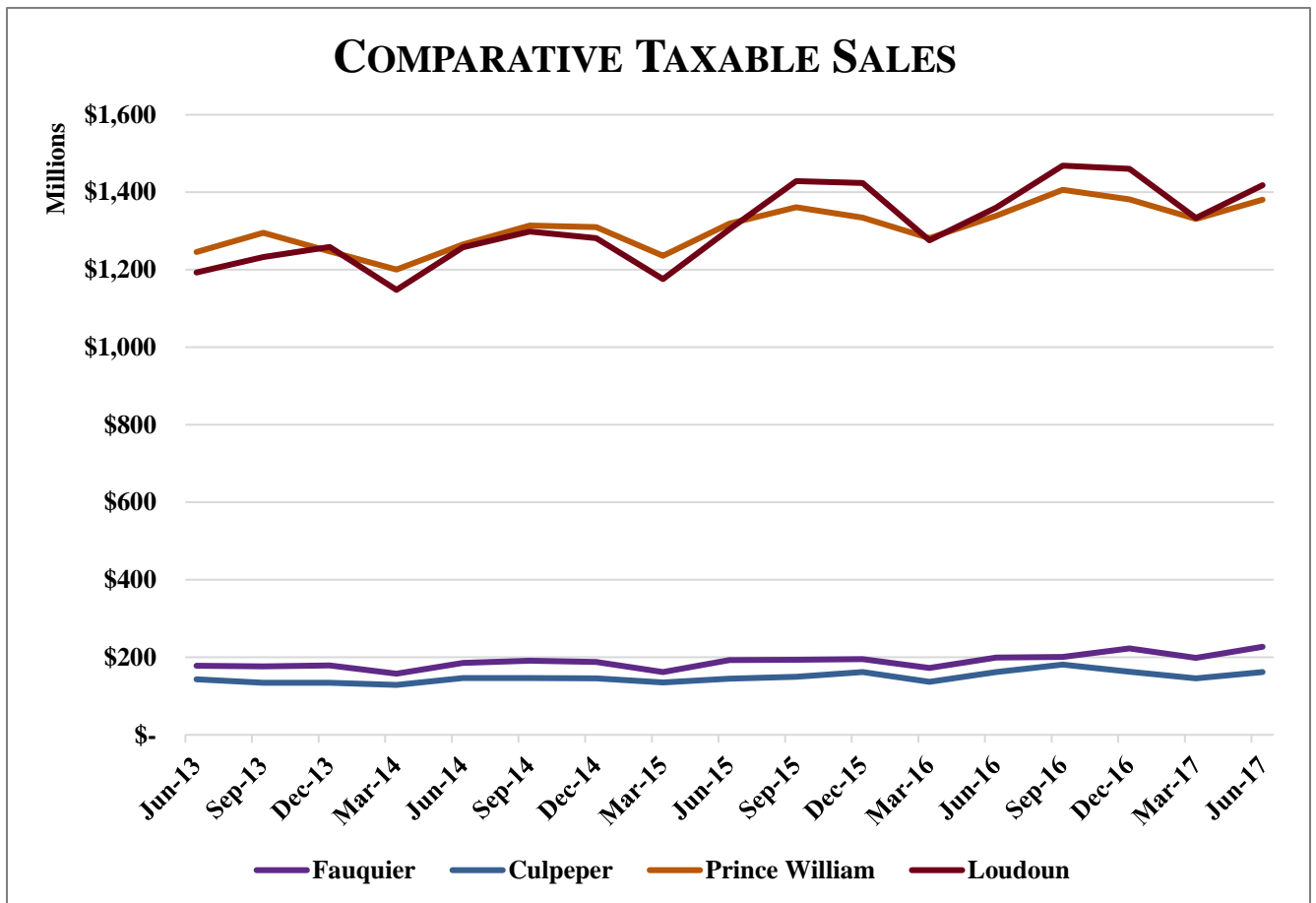
- Virginia statewide taxable sales;
- Fauquier County taxable sales;
- Fauquier County total taxable sales for business classifications with sales in excess of \$10 million at the beginning or end of the recession; and
- Fauquier County taxable sales in comparison to Prince William, Loudoun, and Culpeper Counties.

At the end of FY 2017, overall the County experienced a 3.2% increase in taxable sales as compared to FY 2016. While merchant wholesalers-durable goods saw the most significant increase in taxable sales in FY 2017, increasing 21% as compared to FY 2016, this was offset by a 23% decrease in nonstore retailers' taxable sales. General merchandise stores saw a moderate increase of 3.6%, and building material and garden equipment dealers, gasoline stations, and food and beverage stores only saw slight increases of approximately 1.6% each. Overall, the County's taxable sales continue to experience positive growth, with seasonal fluctuation, but at a higher rate of change.





Note: Categories displayed only represent those classifications that had \$10 million or more in monthly sales prior to the recession. Source: Weldon Cooper Center for Public Service, UVA.



Source: Weldon Cooper Center for Public Service, UVA.